

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-QSB**

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

**For the quarterly period ended September 30, 2002**

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**333-64122**

(Commission file number)

**Reconstruction Data Group, Inc.**

(Exact name of small business issuer as specified in its charter)

**California**

(State or other jurisdiction  
of incorporation or organization)

**22-3755993**

(IRS Employer  
Identification No.)

**11650 Iberia Place, Suite 201**

**San Diego, California 92128**

(Address of principal executive offices)

**(858) 618-1085**

(Issuer's telephone number)

\_\_\_\_\_  
(Former name, former address and former fiscal year, if changed since last report)

☒ Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

**APPLICABLE ONLY TO CORPORATE ISSUERS**

The number of shares outstanding of each of the issuer's classes of common equity;  
as of September 30, 2002 - 3,634,000 shares of common stock

**Transitional Small Business Disclosure Format (check one):** Yes ☒ No ☐

# **Reconstruction Data Group, Inc.**

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## **PART I. FINANCIAL INFORMATION**

### **ITEM 1. Financial Statements**

#### **Reconstruction Data Group Inc.** (A Development Stage Company)

#### **Condensed Balance Sheet** (Unaudited) **September 30, 2002**

##### **Assets**

Cash	\$	43,866
Prepaid expenses		1,312
Furniture, equipment and web site domain, net of accumulated depreciation and amortization		<u>22,202</u>
	\$	<u>67,380</u>

##### **Liabilities and Stockholders' Deficit**

Accounts payable and accrued liabilities	\$	41,623
Notes payable (Note 2)		65,000
Accrued interest expense (Note 2)		7,627
Unearned membership and advertising income		<u>12,433</u>
Total liabilities	\$	<u>126,683</u>
Stockholders' deficit (Note 4)		
Common stock	\$	322,075
Additional paid-in capital		19,167
Deficit accumulated during development stage		<u>(400,545)</u>
Total shareholders' deficit	\$	<u>(59,303)</u>
	\$	<u>67,380</u>

The accompanying notes are an integral part of the financial statements.

**Reconstruction Data Group Inc.**  
(A Development Stage Company)

**Statements of Operations**  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		September 27, 2000 (Inception) Through September 30, 2002
	2002	2001	2002	2001	
Revenue:					
Memberships	\$ 6,683	\$ 3,024	\$ 14,773	\$ 9,243	\$ 26,257
Advertising income	1,642	-	4,981	1,015	6,436
Consulting services	28,696	585	47,313	1,575	48,893
Other income	5,385	465	5,824	1,156	7,250
Total revenue	<u>42,406</u>	<u>4,074</u>	<u>72,891</u>	<u>12,989</u>	<u>88,836</u>
Expenses:					
General and administrative:					
Stock based compensation	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Other	30,594	1,963	40,379	5,890	58,878
Compensation	24,970	19,500	57,477	23,000	107,798
Contributed services	-	-	-	17,767	17,767
Rent	4,070	1,827	11,948	5,252	21,139
Contributed rent	-	-	-	800	1,400
Professional services and consulting	8,746	4,771	12,471	17,783	30,963
Depreciation and amortization	3,551	3,063	10,544	8,844	22,809
Asset impairment charge	-	-	-	120,000	120,000
Interest	1,950	910	5,750	1,213	8,627
Total expenses	<u>73,881</u>	<u>32,034</u>	<u>138,569</u>	<u>200,549</u>	<u>489,381</u>
Loss before income taxes	(31,475)	(27,960)	(65,678)	(187,560)	(400,545)
Income tax provision (Note 3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss	<u>\$ (31,475)</u>	<u>\$ (27,960)</u>	<u>\$ (65,678)</u>	<u>\$ (187,560)</u>	<u>\$ (400,545)</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.06)</u>	
Basic and diluted weighted average common shares outstanding	<u>* 3,110,000</u>	<u>* 3,372,000</u>	<u>* 3,110,000</u>	<u>* 3,133,289</u>	

\* Restated for 10:1 common stock split (see Note 5)

The accompanying notes are an integral part of the financial statements

**Reconstruction Data Group Inc.**  
(A Development Stage Company)

**Statements of Cash Flows**  
(Unaudited)

	Nine Months Ended September 30,		September 27, 2000 (Inception) Through September 30,
	2002	2001	2002
Net cash used in operating activities	\$ (27,077)	\$ (18,694)	\$ (78,198)
Cash flows from investing activities:			
Purchases of furniture and equipment	(1,549)	(13,674)	(15,011)
Net cash used in investing activities	(1,549)	(13,674)	(15,011)
Cash flows from financing activities:			
Proceeds from sale of common stock, net	52,400	-	103,400
Proceeds from the issuance of debt	10,000	55,000	65,000
Payments for deferred offering costs	-	(29,325)	(31,325)
Net cash provided by financing activities	62,400	25,675	137,075
Net change in cash	33,774	(6,693)	43,866
Cash, beginning of period	\$ 10,092	\$ 41,914	\$ -
Cash, end of period	\$ 43,866	\$ 35,221	\$ 43,866
Supplemental disclosure of cash flow information:			
Income taxes	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -
Non-cash investing and financing transactions:			
Web site domain acquired for stock through purchase of ARC Network (Note 7)	\$ -	\$ 150,000	\$ 150,000

The accompanying notes are an integral part of the financial statements.

**Reconstruction Data Group Inc.**  
(A Development Stage Company)

**Notes to Condensed Financial Statements**  
(Unaudited)

**Note 1 - Basis of Presentation**

The financial statements presented herein have been prepared by the Company in accordance with the accounting policies in its amended Form SB-1 dated December 31, 2001, and should be read in conjunction with the notes thereto.

In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary to provide a fair presentation of operating results for the interim period presented have been made. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the year.

The Company is in the development stage in accordance with Statements of Financial Accounting Standards (SFAS) No. 7 "Accounting and Reporting by Development Stage Enterprises". As of June 2002, the Company has devoted its efforts to financial planning, raising capital and providing services and resources to the accident reconstruction industry via its Internet web domain.

Financial data presented herein are unaudited.

**Note 2 - Notes Payable**

Notes payable consisted of the following promissory notes at September 30, 2002:

Note payable to an individual, interest at 12 percent, principal and interest due on November 6, 2003, unsecured	\$ 30,000
Note payable to an individual, interest at 12 percent, principal and interest due on November 6, 2002, unsecured	25,000
Note payable to an individual, interest at 12 percent, principal and interest due on July 29, 2004, unsecured	<u>10,000</u>
	<u>\$ 65,000</u>

Accrued interest expense on the notes totaled \$7,627 at September 30, 2002.

**Note 3 - Income Taxes**

The Company records its income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes". The Company incurred net operating losses during the nine months ended September 30, 2002 resulting in a deferred tax asset, which was fully allowed for; therefore, the net benefit and expense resulted in \$-0-income taxes.

**Reconstruction Data Group Inc.**  
(A Development Stage Company)

**Notes to Condensed Financial Statements**  
(Unaudited)

**Note 4 - Shareholders' Deficit**

During 2001, the Company filed a registration statement with the Securities and Exchange Commission ("SEC") on Form SB-1. The SEC declared the registration statement effective on June 28, 2002. During the three months ended September 30, 2002, the Company sold 52,400 (pre-split) shares of its no par value common stock for net proceeds of \$21,075, after deducting offering costs of \$31,325. The stock offering was still open as of September 30, 2002. Following is a schedule of changes in shareholders' deficit for the nine months ended September 30, 2002:

	Common Stock		Additional	Deficit	
	Shares	Amount	Paid-In	Accumulated	
			Capital	During	Total
				Development	
				Stage	
Balance, January 1, 2002	* 3,110,000	\$ 301,000	\$ 19,167	\$ (334,867)	\$ (14,700)
August and September 2002, common stock sold at \$1.00 per share, less \$31,325 of offering costs	* 524,000	21,075	-	-	21,075
Net loss for the nine months ended September 30, 2002	-	-	-	(65,678)	(65,678)
Balance, September 30, 2002	* <u>3,634,000</u>	<u>\$ 322,075</u>	<u>\$ 19,167</u>	<u>\$ (400,545)</u>	<u>\$ (59,303)</u>

\* Restated for 10:1 common stock split (see Note 5)

**Note 5 - Subsequent Event**

During October 2002, the Company sold an additional 17,500 (post-split) shares of its common stock for gross proceeds of \$1,750. Following these sales, the Company's issued and outstanding common stock totaled 3,651,500 shares.

On October 9, 2002, the Company's Board of Directors declared a 10 for 1 split of the Company's common stock. The stock split was effective on October 10, 2002.

## **Reconstruction Data Group, Inc.**

### **Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations**

This statement includes projections of future results and “forward looking statements” as that term is defined in Section 27A of the Securities Act of 1933 as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934 as amended (the “Exchange Act”). All statements that are included in this Quarterly Report, other than statements of historical fact, are forward looking statements. Although management believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct.

#### **Management Discussion**

Reconstruction Data Group provides professional services and resources to the Accident Reconstruction industry; including a comprehensive web site offering a professional organization concept to the accident reconstructionist. Services and resources made available include; membership/expert directory, monthly newsletters, advertising, web site design, crash tests and seminars, and continuing education.

#### **Financial Summary**

##### Results of Operations for the Nine-Months Ended September 30, 2001

During the nine-month period ending September 30, 2001 the Company issued 150,000 shares of its no par value common stock in acquisition of all assets, rights, and interest of The Accident Reconstruction Communications Network (ARC Network). The Board of Directors considered contemporaneous equity transactions and other analysis to determine the fair value of the transaction at \$1.00 per share (\$150,000). Subsequently, the Company adjusted the carrying value of the web domain to its estimated fair value of approximately \$30,000. The overall evaluation of the ARC Network acquisition resulted in a non-cash impairment loss of \$120,000.

The majority of the net loss of \$187,560 for the nine-month period ending September 30, 2001 includes the asset impairment charge of \$120,000. Other expenses during this period included compensation of \$23,000, contributed services of \$17,767; professional services and consulting expenses of \$17,783; and general and administrative expenses of \$5,890.

Net cash used in operating activities during this period was \$18,694.  
Revenues during this period were \$12,989.

##### Results of Operations for the Nine-Months Ended September 30, 2002

The majority of the net loss of \$65,678 is comprised of compensation expenses of \$57,477.

Net cash used in operating activities during this period was \$27,077.  
Revenues during this period were \$72,891.

The recent increase in revenue is the result of a crash test seminar held by the company during the three month period ended September 30, 2002. These results should be compared to the corresponding period with the consideration that the seminar is a special event of which the results may not be repeated each period. These events are expected to be held regularly but no fixed schedule has been established.



## **Reconstruction Data Group, Inc.**

### Liquidity and Capital Resources

Since inception, Reconstruction Data Group, Inc. has funded operations through the sale of its common stock and from the issuance of debt.

During 2001, the Company filed a registration statement with the Securities and Exchange Commission ("SEC") on Form SB-1. The SEC declared the registration statement effective on June 28, 2002. During the three months ended September 30, 2002, the Company sold 52,400 (pre-split) shares of its no par value common stock for net proceeds of \$21,075, after deducting offering costs of \$31,325. The stock offering was still open as of September 30, 2002.

Since inception, Reconstruction Data Group, Inc. has received proceeds from the issuance of debt in the amount of \$65,000. Including, \$10,000 received during the nine-month period ending September 30, 2002, and \$55,000 received during the nine-month period ending September 30, 2001.

### **Management Plan of Operations**

Reconstruction Data Group, Inc., for the nine-month period ending September 30, 2002, has experienced a continued level of growth in revenue and membership, albeit with limited cash and funding available.

Reconstruction Data Group, Inc., has recently experienced an accelerated level of growth in revenue and membership, due to a successful crash test seminar held during this period. Net revenues generated from the seminar itself were minor, but the exposure of the company's services to the industry has resulted in a significant increase in membership and advertising revenue. Website traffic has significantly increased and a direct mail membership drive is being prepared. Residual sales of data and materials from the crash seminar are expected to continue at a diminishing rate over the next three to six months. The membership increase is expected to provide a long term revenue base due to the high renewal rate we have historically experienced.

Reconstruction Data Group, Inc., has also generated additional memberships through increased sales and marketing efforts that include; the addition of two part time commission based sales representatives and a direct mail marketing piece targeting approximately 700 ACTAR accredited reconstructionists.

The receipt of additional funding to further implement business strategies from the Company's common shares offering have been helpful, but the company has found it difficult to raise capital on this offering in the current market. The increased activity resulting from the recent crash seminar and the current momentum of the company leads management to believe that it will achieve profitability in the next 12-month period. Reconstruction Data Group, Inc. management does not anticipate cash flow or liquidity problems during this next 12-month period, with the exception of payment of further compensation to officers.

Summary of provided services as of November 10, 2002

Individual Members: 285

Non-Profit Orgs: 12

Educator: 5

Corporate: 4

Police Departments: 22 (over 30% of state police)

Advertising:

Products Directory: 20 listings

Platinum Packages: 7

Banner Ads: 12

Newsletter Distribution: approx. 8000

**Part II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

None

**Item 2. Change in Securities and Use of Proceeds**

During the three months ended September 30, 2002, the Company sold 52,400 (pre-split) shares of its no par value common stock for net proceeds of \$21,075, after deducting offering costs of \$31,325. The stock offering was still open as of September 30, 2002. These securities are part of the company's offering registered on form SB-1, as amended.

During October 2002, the Company sold an additional 17,500 (post-split) shares of its common stock for gross proceeds of \$1,750. These securities are part of the company's offering registered on form SB-1, as amended. The company has closed this offering.

On October 9, 2002, the Company's Board of Directors declared a 10 for 1 split of the Company's common stock. The stock split was effective on October 10, 2002.

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. Submission of Matters to a Vote of Security Holders**

Not applicable

**Item 5. Other Information**

None

**Item 6. Exhibits and Reports on Form 8-K**

Exhibits

Reconstruction Data Group incorporates by reference exhibits 3 (a) Articles of Incorporation and 3 (b) Bylaws filed with its disclosure statement on Form SB-1, as amended, filed June 13, 2002.

Description

3(a) Articles of Incorporation	Articles of Incorporation of Reconstruction Data Group, Inc., a California corporation, as amended filed September 27, 2000.
3(b) By-Laws	By-Laws of Reconstruction Data Group, Inc as adopted June 08, 2001.

Reconstruction Data Group includes herewith the following exhibits:

99.1	Certification of President pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certification of Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Reports on Form 8-K

No filings were made during the period covered by this report.

**Reconstruction Data Group, Inc.**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**Reconstruction Data Group Inc.**

By: /s/ Scott B. Baker  
Scott B. Baker, President

Dated: November 13, 2002